

**UNITED STATES DEPARTMENT OF AGRICULTURE**

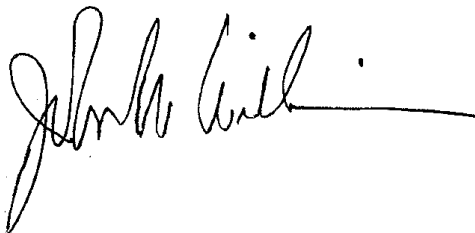
Farm Service Agency  
Washington, DC 20250

**Notice PM-2125**

**For:** State and County Offices

**Processing Instructions for Portability and Election of Unreduced Options B and C**

**Approved by:** Acting Deputy Administrator, Management



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**1 Overview**

**A**

**Background**

Pub. L. 105-311, Federal Employees Life Insurance Improvement Act, enacted October 30, 1998, made numerous changes to the FEGLI program.

Two notices have been issued which outline some of the changes:

- Notice PM-2103 covers election of unreduced Options B and C
- Notice PM-2118 covers portability.

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**B**

**Purpose**

This notice outlines procedures for State and County Offices to follow when employees elect to port Option B or elect unreduced Option B and Option C at retirement.

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**C**

**Contact**

For further information about this notice, contact either of the following:

- Susan Brown on 202-418-9039
- Darla Hensley on 202-418-9021.

**Note:** TDD on 202-418-9116.

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<b>Disposal Date</b>	<b>Distribution</b>
December 1, 1999	State Offices; State Offices relay to County Offices

December 1, 1999

State Offices; State Offices relay to County Offices

## Notice PM-2125

### 2 Portability

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#### A

##### Definition

Portability is the ability to continue (port) coverage that would otherwise terminate.

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#### B

##### Effective Date

Portability became effective April 24, 1999.

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#### C

##### Portable Coverage

Only Option B can be ported. Basic insurance, Option A, and Option C insurance cannot be ported.

A person can port the highest number of multiples of Option B that meet the 5-year/first opportunity requirement.

**Note:** A person can also choose to port a lesser number of multiples.

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#### D

##### Eligibility

Employees must meet the following 2 requirements to port their Option B coverage:

- FEGLI coverage must be terminating because of separation from service or completion of 12 months in nonpay status
- employee must meet the 5-year/first opportunity requirement.

**Note:** If the employee has assigned his/her coverage, it is the assignee who has the right to port.

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## 2 Portability (Continued)

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### E

#### 5-Year/First Opportunity Requirement

The 5-year/first opportunity requirement states that the employee must meet either of the following criteria:

- had coverage for the 5 years immediately preceding the separation or completion of 12 months in nonpay status
- had coverage for the entire time he/she was eligible, if that is less than 5 years.

**Note:** Compensationers may use the 12 months in nonpay status to meet the 5-year/first opportunity requirement to port Option B coverage.

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### F

#### AD-1137 Portability Notice

OPM is preparing a new form that will combine the information from SF-2819 and SF-2821. It will include information on portability.

Until the new form is available, use AD-1137, Exhibit 1. This form may be found on BBS under the National Forms Library. The file name is AD1137.pdf.

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### G

#### Processing Instructions at Time of Separation

Take action according to this table to process AD-1137 at time of separation.

Step	Action
1	Determine if employee/assignee is eligible immediately as described in subparagraph D.
2	If employee/assignee is eligible, complete part A of AD-1137.
3	Provide eligible employee/assignee with completed AD-1137 and instructional memo (Exhibit 2).

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## 2 Portability (Continued)

### H Processing Instruction After Receiving AD-1137 from Employee /Assignee

Take action according to this table to process AD-1137 after it is received from employee/assignee.

Step	Action
1	Date stamp AD-1137 the date it is received in office from employee/assignee.
2	<p>Determine if AD-1137 was returned timely (within <b>36 days</b> of terminating event). <b>There are no extensions!</b></p> <ul style="list-style-type: none"> <li>If AD-1137 was received timely, go to step 3.</li> <li>If AD-1137 was <b>not</b> received timely, contact MetLife on 1-800-936-4792. If MetLife: <ul style="list-style-type: none"> <li>received AD-1137 timely, the employee/assignee is eligible to port</li> <li>did <b>not</b> receive AD-1137 timely, then the office must contact the employee/assignee and inform him/her that he/she is unable to port Option B insurance.</li> </ul> </li> </ul>
3	Complete SF-2821.
4	Review employee's Official Personnel Folder (OPF) and remove all designations, assignments, and court orders.
5	<p>Mail completed SF-2821 and all designations, court orders, and assignments within <b>60 days</b> of receiving AD-1137 to:</p> <p>Metropolitan Life Insurance Company Voluntary Benefits Group Administrative Services P.O. Box 2006 Aurora, IL 60507.</p>

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## Notice PM-2125

### Portability (Continued)

#### H Processing Instruction After Receiving AD-1137 from Employee /Assignee (Continued)

Step	Action
6	File AD-1137 in the employee's OPF.
7	Ported coverage is effective directly from the coverage carried as an employee.  <b>Example:</b> If the employee terminated August 14, 1999, the ported coverage is effective August 15, 1999.
8	MetLife will bill individuals monthly for premiums. If premiums are not paid, coverage is canceled.

#### I Processing Instructions for Rehires

Take action according to this table to process AD-1137 for rehires.

Step	Action
1	Review all rehired employee OPF's. If OPF has not been received, offices shall ask the former agency or employee the following questions: <ul style="list-style-type: none"> <li>• "Did the employee port his/her Option B at the time of termination?"</li> <li>• "How many multiples did he/she port?"</li> </ul>
2	Contact MetLife on 1-800-936-4792 and notify them that the individual has returned to active service.
3	Request the following information from MetLife: <ul style="list-style-type: none"> <li>• whether the ported insurance is still current</li> <li>• the number of multiples the employee currently has.</li> </ul>
4	File all returned designations, assignments, and court orders in OPF.
5	Determine the number of multiples employee is eligible for according to subparagraph J.

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## 2 Portability (Continued)

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### J

#### **Determining Option B Coverage for Rehires that Ported**

An employee returning to active service will get back the number of multiples of Option B he/she had before the terminating event unless:

- he/she canceled multiples while ported
- coverage was canceled for nonpayment of premiums.

Previously separated employees can elect Option B or increase the number of multiples of Option B if it has been at least 180 days since the cancellation of the insurance.

Employees in nonpay status, who were never separated, cannot elect Option B insurance or increase the number of multiples of Option B, unless 1 of the following occurs:

- employee has a life event
  - employee takes a physical exam
  - there is an open enrollment period.
- 

### K

#### **Designations of Beneficiary, Assignments, and Court Orders**

The following documents remain valid when the employee returns to active Federal or County service:

- designations
- assignments
- court orders.

MetLife will return any of these documents sent to them when the insurance was ported. All documents should be filed in the employee's OPF.

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### 3 Election of Unreduced Options B and C

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#### A

##### Background

Notice PM-2103, paragraph 7 outlined the provision of election of unreduced Options B and C at retirement.

At the time of retirement or becoming insured as a compensationner, employees elect how many of their Option B and C multiples they wish to continue into retirement.

**Note:** Employees who have assigned their insurance cannot reduce the number of multiples of their Option B coverage.

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#### B

##### Employee Action

At the time of retirement or becoming insured as a compensationner, employees must choose the following:

- the number of multiples of Options B and C

**Note:** If the employee chooses to continue fewer multiples than he/she is eligible to continue, those multiples that are not continued are considered canceled. There is no 31-day extension of coverage or right to convert.

- whether to have all the multiples reduce or none of them reduce (at age 65).
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#### C

##### Effective Date

This provision became effective April 24, 1999, and applies to employees separating for retirement or compensationners completing 12 months in nonpay status on or after April 24, 1999.

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### 3 Election of Unreduced Options B and C (Continued)

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#### D

##### How to Make the Election

Employees will make the election on SF-2818.

**Note:** SF-2818 is being modified.

Until the form is modified, offices shall continue to use SF-2818 for the Basic insurance election. Offices shall use AD-1138, Option B and C Election Notice, Exhibit 3, for Options B and C elections.

Both SF-2818 and AD-1138 shall be part of the complete retirement package and forwarded to OPM.

**Note:** Employees do not need to complete SF-2817 to reduce the number of multiples of Options B and C at retirement. Their choice is indicated on AD-1138.

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#### E

##### Election Changes

An annuitant or compensationeer who elects No Reduction can change to Full Reduction at any time unless the insurance has been assigned.

**Note:** If the individual is over age 65, the amount of insurance in force will be computed as if he/she had elected Full Reduction originally. There will be no refund of premiums.

An annuitant who elects Full Reduction can change to No Reduction at any time up until the 2<sup>nd</sup> month following his/her 65<sup>th</sup> birthday.

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#### F

##### Assigned Insurance

If the insurance has been assigned, the retiring employee makes the initial election regarding Option B reductions just as he/she does for Basic.

Once the retiring employee, who has assigned the insurance, has made an Option B election, he/she can change only from Full Reduction to No Reduction.

Only the assignee can change from No Reduction to Full Reduction. The assignee cannot change from Full Reduction to No Reduction.

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**3 Election of Unreduced Options B and C (Continued)**

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**G**

**Elections  
Available at  
Age 65**

Shortly before an annuitant/compensationner reaches age 65, OPM will send a letter reminding him/her of their election at retirement and advising them of the premiums.

The individual will be able to:

- change the election
- choose to have some multiples reduce or some not reduce.

For any multiples for which the annuitant/compensationner elects Full Reduction, premiums will stop at age 65. Premiums for which No Reduction was elected will continue.

**Note:** If the insurance has been assigned and the annuitant elected No Reduction for all multiples, he/she cannot change that election. The annuitant will receive a letter regarding Option C and the assignee will receive a letter regarding Option B.

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**H**

**Those That Are  
Retired or  
Insured as  
Compensationners  
as of  
April 24, 1999**

OPM will contact those persons that are already retired or insured as compensationners on April 24, 1999, and who have Option B.

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## Sample AD-1137, Portability Notice

REPRODUCE LOCALLY. Include form number and date on reproductions.

<b>AD-1137</b> (07-02-99)	<b>U.S. DEPARTMENT OF AGRICULTURE</b>  <b>PORTABILITY NOTICE</b> (Notification to Continue Option B Insurance Coverage)
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**EMPLOYEE/ASSIGNEE'S INSTRUCTIONS**

Portability is the ability to continue or "port" group life insurance coverage that would otherwise terminate if Federal Service was terminated. This Portability Notice applies to Option B coverage only.

- If you want to port your Option B coverage, complete Part B of this Portability Notice. **YOU MUST** mail or hand-carry this completed Portability Notice to the Agency's employing office entered in Item 7 below. **Also**, send a copy to the Metropolitan Life Insurance Company at the following address:  
  
Metropolitan Life Insurance Company  
Voluntary Benefits Group  
Administrative Services  
P.O. Box 2006  
Aurora, IL 60507
- If you have received the SF-2821 (Agency Certification of Insurance Status), also send that form to MetLife. If you have not received the SF-2821, **do not delay** in sending this Notice.
- Your employing office must receive the Portability Notice within 36 calendar days from the date of the terminating event shown in Item 6 (50 days, if you live overseas). There are no extensions to this deadline.

**PART A - COMPLETED BY EMPLOYING AGENCY**

1. Employee's/Assignee's Name and Address and ZIP Code John P. Smith 22221 Rainbow Lane Smithsville, MD 20689	2. Employee's/Assignee's Telephone No.  ( 301 ) 555-5222	3A. Employee's/Assignee's Soc. Security No. 222-22-2222 3B. Employee's/Assignee's Date of Birth 05-05-1940
4. Number of Multiples of Option B Employee/Assignee has as of the date entered in Item 6.  2	5. Amount of Coverage in Each Multiple (Annual Basic Pay Rounded Up to the Nearest Thousand)  \$45,000.00	6. Date of Terminating Event  7-01-98
7. Agency's Name and Address (including ZIP Code) Farm Service Agency 1400 Independence Ave. SW Washington DC 20250-0558	8. Name of Agency Official to Contact for Additional Information  Jane L. Drane	9A. Agency Official's Telephone Number ( 202 ) 555-7999 9B. Agency Official's Facsimile Number ( 202 ) 555-9997

**PART B - COMPLETED BY EMPLOYEE (OR ASSIGNEE)**

10. Have you assigned your life insurance? ☐ YES ☒ NO

**NOTE: If you have assigned your insurance, you cannot port your Option B coverage. Only your assignee has the right to port your coverage. Give this Portability Notice to your assignee.**

11. I choose to port (continue) 2 multiples of the Option B coverage described above. I understand that if I do not make premium payments on time, the coverage will be canceled and cannot be reinstated.

12. Signature of Employee (or Assignee, if applicable)  
s/John P. Smith

Date  
7/2/99

**PART C - COST**

13. The cost of your ported Option B coverage is the same as what you've been paying as an employee, as shown in the chart below:

EMPLOYEE'S AGE	MONTHLY COST PER \$1,000 OF COVERAGE
Under 35	\$0.065
35 through 39	\$0.087
40 through 44	\$0.130
45 through 49	\$0.217
50 through 54	\$0.325
55 through 59	\$0.672
60 and over	\$1.517

**NOTE:** For ported coverage, there is also a \$1.75 per month administrative fee.

IF YOU HAVE ANY QUESTIONS CONCERNING YOUR PORTED COVERAGE, YOU MAY CALL METLIFE AT 1-800-936-4792.

**Sample Employee Notification of Portability**

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February 1, 2000

**To:** [Insert Employee Name]  
**From:** [Insert Agency]  
**Subject:** Portability of Option B Insurance

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**Background**

Pub. L. 105-311, Federal Employees Life Insurance Improvement Act, enacted October 30, 1998, made numerous changes to the FEGLI program. One of these changes is a 3-year demonstration project allowing the portability of Option B.

Portability is the ability to continue group life insurance coverage that would otherwise terminate.

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**Purpose**

The purpose of this memo is to inform you of your option to port your Option B coverage in the Federal Employees Group Life Insurance (FEGLI) program and provide instructions on how to do so.

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**Portable Coverage**

Only your Option B insurance **can** be ported. Please refer the attached AD-1137 for the number of multiples of Option B you are eligible to port. You may choose to port a lesser number of multiples.

Ported coverage may be:

- decreased, not increased
- converted to an individual policy only because of age or the end of the demonstration project

Basic insurance, Option A and Option C coverage **cannot** be ported.

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**Cost of Ported Coverage**

The cost of ported Option B is the same as the cost of Option B for active employees; however, there is an additional \$1.75 per month administrative fee.

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**Sample Employee Notification of Portability (Continued)**

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**Effective Date of Ported Coverage**

The ported coverage continues directly from the coverage carried as an active employee.

**Example:** Your coverage terminates August 14, 1999. The ported coverage begins August 15, 1999.

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**Salary Changes of Employees in Nonpay Status**

Salary changes have no effect on the amount of ported Option B coverage.

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**Coverage**

Ported coverage **does not** reduce when you reach age 65.

Ported coverage reduces by 50 percent at the beginning of the 2<sup>nd</sup> calendar month after you reach **age 70**. If you are already 70 at the time you port Option B coverage, the 50 percent reduction will take place the 2<sup>nd</sup> month after the effective date of the ported coverage. The premium is also reduced at this time. You will pay premiums only on the amount of coverage that is still in effect.

Ported coverage stops at the beginning of the 2<sup>nd</sup> calendar month after you reaches **age 80**. You will then have the 31-day extension of coverage and right to convert to an individual policy.

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**Designations/Court Orders/Assignments**

Designations of beneficiaries, assignments and court order remain in effect on ported coverage.

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**Premiums**

You will receive a confirmation letter from MetLife once the AD-1137 is received.

MetLife will generate monthly bills for premiums and send them to you. You will have 31 days to pay the bills (45 days if overseas).

**Note:** For **overseas employees**, the time for paying premiums is extended to **45 days**.

If premiums are not paid, coverage is canceled.

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**Sample Employee Notification of Portability (Continued)**

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**End of Demonstration Project**

The 3-year demonstration project comes to an end in April 2002. At that time, if the project is not renewed or made permanent, MetLife will notify you that your coverage is terminating. You will have a 31-day extension of coverage and the opportunity to convert to an individual policy.

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**How to Port Your Coverage**

If you wish to port your Option B insurance:

- complete part B of the attached AD-1137
- return the completed AD-1137 within **31 days** of the the date listed in Part A, #6 to the address listed in Part A, #7

**Note:** For **overseas employees**, the time for returning completed Exhibit 1 is within **45 days** of the terminating event.

- also send a copy within 31 days of the the date listed in Part A, #6 to MetLife at the address in the top section of the AD-1137.

There is no extension period for you to make a portability election.

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**Additional Information**

Refer to the attached AD-1137, Part A, #8 for additonal information.

You may also contact MetLife at 1-800-936-4792.

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## AD-1138, Option B and C Election Notice

REPRODUCE LOCALLY. Include form number and date on reproductions.

AD-1138  
(07-23-99)U.S. DEPARTMENT OF AGRICULTURE  
Farm Service Agency

## OPTION B AND C ELECTION NOTICE FOR RETIREMENT

## PART A - TO BE COMPLETED BY EMPLOYING AGENCY

1. Employee's Name and Address and ZIP Code	2. Employee's Telephone Number  (       )	3. Employee's Social Security Number
4. Number of Multiples of Option B the Employee Is Eligible to Continue.	5. Number of Multiples of Option C the Employee Is Eligible to Continue.	6. Employee's Date of Birth

## PART B - TO BE COMPLETED BY EMPLOYEE AND RETURNED TO EMPLOYING AGENCY

## 7. OPTION B ELECTION:

- A. **Number of Multiples of Option B I Want to Continue:** \_\_\_\_\_ (This number cannot be more than the number shown in Item No. 4 above. If you have assigned your insurance, this number must be the same as the number shown in Item No. 4 above.)
- B. **FULL REDUCTION:** I understand that if I elect Full Reduction, my Option B coverage will begin to reduce the 2<sup>nd</sup> month after my 65<sup>th</sup> birthday (Or the 2<sup>nd</sup> month after I retire, if I am already over 65.) The reduction will be 2% each month for 50 months, at which time the coverage will stop. I will not pay any premiums for this coverage after I turn 65. I understand that if I choose Full Reduction, I can change to No Reduction at any time until I reach age 65.
- C. **NO REDUCTION:** I understand that if I elect No Reduction, my Option B coverage will not reduce when I reach 65. I will continue to pay premiums for this coverage. I understand that if I choose No Reduction, I can change to Full Reduction at any time (unless I have assigned my insurance). If I am over age 65 when I change my election, the amount of Option B remaining will be computed as if I had elected Full Reduction initially, and there will be no refund of my premiums.

## 8. CHECK ONLY ONE:

I want **Full Reduction** \_\_\_\_\_I want **No Reduction** \_\_\_\_\_

9. Signature of Employee

DATE

## 10. OPTION C ELECTION:

11. A. **Number of Multiples of Option B I Want to Continue:** \_\_\_\_\_ (This number cannot be more than the number shown in Item No. 5 above. If you have assigned your insurance, this number must be the same as the number shown in Item No. 5 above.)
- B. **FULL REDUCTION:** I understand that if I elect Full Reduction, my Option C coverage will begin to reduce the 2<sup>nd</sup> month after my 65<sup>th</sup> birthday (Or the 2<sup>nd</sup> month after I retire, if I am already over 65.) The reduction will be 2% each month for 50 months, at which time the coverage will stop. I will not pay any premiums for this coverage after I turn 65. I understand that if I choose Full Reduction, I can change to No Reduction at any time until I reach age 65.
- C. **NO REDUCTION:** I understand that if I elect No Reduction, my Option C coverage will not reduce when I reach 65. I will continue to pay premiums for this coverage. I understand that if I choose No Reduction, I can change to Full Reduction at any time (unless I have assigned my insurance). If I am over age 65 when I change my election, the amount of Option C remaining will be computed as if I had elected Full Reduction initially, and there will be no refund of my premiums.

## 12. CHECK ONLY ONE:

I want **Full Reduction** \_\_\_\_\_I want **No Reduction** \_\_\_\_\_

13. Signature of Employee

DATE